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Outline: Events in Germany and their implications

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I. The analysis of East German uprisings [REDACTED]

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[REDACTED] while not final, is valuable.

A. It is based on information available as of 2 July

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B. [REDACTED]

II. East Zone uprising began spontaneously on 16 June

A. It was launched on a small scale by working class

1. Regime winked at early demonstration

B. Uprising grew as other segments of population joined
workers

III. Early intervention by E. German police was ineffective

A. Soviets interceded after quickly deciding that
situation was getting out of hand

1. This indicated distrust of effectiveness of
People's Police

IV. Potentially revolutionary situation developed, based on:

A. Widespread hatred of regime and its organs

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- B. Ten percent increase in production norms - actually
only the last straw
- C. Drastically reduced standard of living
 - 1. Food shortage
 - 2. Chronic lack of consumer goods
- D. Conciliatory course announced by SED Politburo on
9 June afforded respite to get uprising under way
 - 1. Suggested reprisals would not be too severe
- E. SED leadership appeared confused.
- V. Large scale uprisings were doubtless spontaneous; local
demonstrations showed signs of organization
 - A. Local indications suggested good mass discipline
plus ad hoc experienced leadership
 - B. Local demonstrations followed similar pattern
 - 1. Spreading of news of East Berlin strike
 - 2. Declaration of workers' solidarity
 - 3. Strikes
 - 4. Marches against SED strongholds

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C. Shop stewards and revolutionary tradition of German trade union movement played vital role in leadership

1. "New" Soviet methods had affronted pride of German worker

VI. East German developments demonstrate possibility of revolt from below even in communist police state

A. Kremlin must forestall similar development in Satellites

B. Soviet propaganda consequently alleges riots engineered from outside

C. "Uprising from below" theme useful in psychological warfare

1. SED authority based on Soviet bayonets

2. SED an instrument for repressing workers

3. Soviet troops, "protectors of workers," used against them

4. Communism, repressing revolution, is really reactionary

VII. Riots have created problems of great magnitude for the
USSR

- A. Kremlin must now question value of East Germany as
a base for an offensive against Western Europe
 - 1. Lines of communication could not be protected
by Germans in event of major war
- B. New economic program of SED could terminate in
reduction of Soviet control over East Zone populace
- C. Demonstrated hostility of East Germans reduces
usefulness of East Germany as a base for subverting
West Germany
 - 1. Appeal of communism to West Germans has vanished
- D. Potency of unity campaign has diminished
- E. The SED cannot now muster mass popular support
 - 1. Eventually may be reduced to cadre organization
 - 2. Reports of coming ascendancy of bourgeois parties
at this stage are, however, wishful and premature.

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a) They may, nevertheless, be brought more to the
fore

3. Attempts to broaden the popular base of the SED
are likely

F. Ulbricht's future position is uncertain

1. It appears, however, that his continued influence
is assured

VIII. The Kremlin, it would seem must now:

A. Maintain the SED in power; there is no other logical
choice

1. No major change expected in SED conciliatory
tactics

B. Make every effort to restore order before any four-
power conference is proposed

C. Maintain covert nucleus of communist control within
East German bourgeois parties

1. This would be done in any case, but would prepare

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for remote contingency of settlement on Western
terms

2. Long range prospects for success of this maneuver
are not good

IX. This analysis covers immediate German situation; broader
implications exist

A. Can an alien, and hostile, people be held by force
alone?

B. How far can concessions go, as an alternative,
without sacrifice of control? This is the dilemma

X. The current situation in the Eastern European Satellites

A. Press reports of large scale demonstrations in Poland
are denied by US officials in Warsaw.

1. Trips through northern, southwestern, and central
Poland late in June disclosed no evidence of
demonstrations or heightened security

B. Reports of strikes and demonstrations in other
Satellites are unconfirmed and probably untrue

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1. Czech security police alert of 18 June was lifted
24 hours later.
- C. The Hungarian, Albania, and Rumanian regimes announced concessions following the East German riots
 1. Timing may have been influenced by German events;
no other apparent connection
 2. Hungarian government and party reorganization in
line with Kremlin's new conciliatory policy
- D. Reorganization of Hungarian regime apparently ends Rakosi's one-man rule
 1. Resembles reorganization in USSR ~~and Communist China~~
 2. Rakosi retains principal Politburo and
Secretariat posts, but his job as Secretary General
has been abolished, and he has dropped from the
government
 3. Long-time communist Imre Nagy promoted to
premiership
 4. Former number-two man Erno Gero remains on

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Politburo and gets additional duties as First

Deputy Premier and Minister of Interior

5. New regime promises:

a) Slowdown in industrialization and collectivization

b) Abolition of internment camps

c) Rise in living standards

E. Albania on 22 June cancelled peasants' agricultural debts for 1949-1952

F. Rumania has relaxed grain collection program and furnished additional foodstuffs to the people

G. The Czech Government on 6 July repealed a week-old decree specifying stringent measures to combat absenteeism

H. These developments may presage a softer policy throughout the Orbit.

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